

SUBCOMMITTEE #3: Health & Human Services

Chair, Senator Mark Leno

**Senator Elaine K. Alquist
Senator Roy Ashburn**



April 22, 2010

**9:30 a.m. or
Upon Adjournment of Session
Room 4203**

Committee Staff: Jennifer Troia

<u>Item</u>	<u>Department</u>
4700	Department of Community Services and Development
5180	Department of Social Services

(See Table of Contents on page 2 for More Specific Listing of Issues.)

Please note: The Committee will discuss only the items contained in this agenda at this hearing.

Please see the Senate File for dates and times of subsequent hearings. The Committee will discuss the issues in the order noted in the agenda, unless otherwise directed by the Chair.

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Agenda

(Vote-Only Items indicated by *)

<u>Item</u>	<u>Department</u>	<u>Page</u>
4700	Department of Community Services and Development	
	1. Weatherization Assistance Program.....	7
5180	Department of Social Services	
	<i>Community Care Licensing (CCL)</i>	
	1. CCL Program Update.....	10
	2. Proposal for CCL Inspection & Fee Changes.....	12
	<i>Children's Programs</i>	
	1. Kinship-Guardianship Assistance Program/Subsidized Relative Guardianship Proposal*.....	3
	2. Probation Access to Child Welfare Services/Case Management System (CWS/CMS)*.....	5
	3. Child Welfare Services (CWS) Performance and Program Improvement Update.....	14
	4. 2009-10 Veto of CWS Funding.....	16
	5. Trailer Bill Language (TBL) for Implementation of Federal Fostering Connections to Success & Increasing Adoptions Act (FCSA).....	19
	6. TBL to Clarify Law Related to Independent Adoptions.....	21
	7. TBL for Proposed Suspensions of CWS Programs.....	22
	8. TBL for Extension of Residentially Based Services Pilot.....	23
	<i>Other</i>	
	9. Unaccompanied Refugee Minor Program*.....	6
	10. Positions Related to Recently Enacted Legislation.....	24

Vote-Only Agenda

5180 Department of Social Services

DSS Issue 1: Kinship-Guardianship Assistance Payment Program (Kin-GAP) / Subsidized Relative Guardianship Proposal

Budget Issue: The 2009-10 budget for Kin-GAP includes a total of \$144.9 million (\$110.5 million GF). The Governor's budget for 2010-11 proposes trailer bill language (TBL) that allows the state, beginning October 1, 2010, to opt into newly available federal financial participation in the costs of a subsidized relative guardianship program that is similar to the state's existing Kin-GAP program. Under the Governor's proposal, the state would pay 60 percent of nonfederal costs, and the counties would pay 40 percent. This would be a change from the existing Kin-GAP, in which the state pays for roughly 80 percent of the program.

The Governor's budget estimated savings of \$1.3 million GF in 2010-11 from opting into the federally subsidized relative guardianship program. However, the Administration has since acknowledged that this estimate included an error and is still working on a revised estimate. Kin-GAP is currently part of the state's CalWORKs program; and its state and county expenditures count toward the MOE requirement imposed on the state as a condition of receiving federal Temporary Assistance to Needy Families (TANF) funds for the CalWORKs welfare-to-work program. As a result, the state's Kin-GAP expenditures are also eligible for American Recovery and Reinvestment Act (ARRA) Emergency Contingency Fund (ECF) resources. The Governor's budget had also assumed GF savings as a result of these ECF stimulus funds for Kin-GAP.

Background on Kin-GAP: Kin-GAP was implemented in 2000 to enhance family preservation and stability by placing foster children in long-term placements with relative caregivers. Under Kin-GAP, a dependent child who has been living with a relative for at least 12 months in foster care may receive a monthly grant if the relative assumes guardianship and the dependency case is dismissed. The grant is identical to the one the child received while in foster care. The average monthly Kin-GAP caseload is over 14,000 children.

Federal Funding Streams: Until the recent passage of the federal Fostering Connections to Success and Increasing Adoptions Act of 2008 (P.L. 110-351), there was no option for states to receive federal financial participation in subsidized guardianship programs under Title IV-E of the Social Security Act (which establishes requirements for much of federal child welfare support). Under those new provisions, the federal government would generally provide 50 percent of grant costs for children in subsidized guardianships who meet other eligibility requirements (generally around 70 percent of California's caseload). During the period of ARRA's enhanced Federal Medical Assistance Percentage (FMAP) (currently authorized through December 2010, but assumed in the Governor's budget to be extended through the state fiscal year), the

federal share would temporarily be higher at 56.2 percent. In order to draw down these IV-E funds for subsidized relative guardianships, California would have to make some statutory changes to its existing Kin-GAP program.

During the time that the TANF ECF is available under ARRA (currently authorized through December 2010, but the Governor's budget assumes extension through the state fiscal year), federal financial participation in the costs of various components of the CalWORKs program (including Kin-GAP as currently structured and financed) is available at the higher rate of 80 percent to offset costs that exceed the corresponding costs during FFY 2006–07.

Estimated Savings When ECF Expires: The LAO estimates that once a federally-supported guardianship program is fully implemented under Title IV-E—including the complete transition of all existing Kin-GAP cases into the new program—GF savings would likely be about \$48 million per year under the Governor's proposed 60/40 state/county sharing ratios. If existing 80/20 state/county sharing ratios were instead maintained, GF savings would likely be about \$35 million per year.

Pending Legislation: In addition to other changes to the child welfare system, AB 12 (Beall, Bass), which is currently pending in the Senate, proposes to make the required statutory changes to transform the Kin-GAP program into a federally-eligible subsidized relative guardianship program and to opt the state into Title IV-E funding for Kin-GAP upon a declaration by the Director of DSS that relevant TANF ECF funding is no longer available.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open pending an updated estimate from the Administration at May Revision.

DSS Issue 2: Probation Access to Child Welfare Services/Case Management System (CWS/CMS)

Budget Issue: DSS proposes, in a new estimate premise, \$1.2 million (\$552,000 GF) in expenditures for 560 probation officers to receive training on using the CWS/CMS system and for 385 of those probation officers to newly gain access to the system.

Background on Probation-Supervised Foster Care: Children can enter foster care through the involvement of county child welfare agencies or probation departments. In addition, youth with child welfare/dependency cases who are charged with delinquency offenses may be placed in probation-supervised foster care. Consistent with requirements for federal financial participation in the costs of foster care, probation officers provide case management services in foster care cases that are supervised by probation departments (e.g., prevention, placement, or family reunification services). These are the same services that must be provided by social workers in child welfare-supervised foster care cases.

There are currently 66,000 children in foster care statewide. Of those children, approximately 61,000 are under the supervision of county child welfare agencies and close to 5,000 are under the supervision of probation departments.

Background on CWS/CMS: CWS/CMS is an automated system that provides case management capabilities for child welfare services, including the ability to generate referrals, county documents, and case management and statistical reports. The total 2009-10 CWS/CMS project budget is \$83.3 million (\$38 million GF).

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the proposed funding for training and access to CWS/CMS by probation officers who oversee the cases of children in foster care.

DSS Issue 3: Unaccompanied Refugee Minor (URM) Program

Budget Issue: The Governor's budget includes, in a budget change proposal, \$102,000 (all federal funds) for the establishment of one new, permanent position to support the URM program within DSS's Refugee Programs Bureau.

Background: The URM program is administered by the federal Office of Refugee Resettlement (ORR) to provide child welfare and foster care services to refugee, asylee, and trafficked children who have come to the United States without parents or a close relative to care for them. ORR provides funding to DSS to contract with voluntary resettlement agencies in California. This request for expanded state operations staffing for the program is the result of: 1) an anticipated quadrupling in the number of children served (from 29 children in 2008-09 to 111 children in 2010-11), 2) the inclusion of additional youth who have been granted Special Immigrant Juvenile Status (unknown number at this point) as a result of the recent federal Trafficking Victims Protection Reauthorization Act of 2008, and 3) corrective actions required by ORR as a result of its review of the Northern California URM program. These corrective actions are focused on the need for the state to better develop placement sites, monitoring, and data collection policies and procedures.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the proposed funding and position.

Discussion Agenda

4700 Department of Community Services and Development (CSD)

With a total budget of \$475.1 million (no GF) and 109 authorized staff positions in 2009-10, and a proposed budget of \$260.2 million (no GF) in 2010-11 (year-over-year reduction largely due to expiration of ARRA federal stimulus funding), CSD administers federal programs to help low-income families achieve and maintain self-sufficiency, meet their home energy needs, and reside in housing free from dangers of lead hazards. CSD works with a network of agencies statewide that provide services and programs directly in the community.

CSD Issue 1: Weatherization Assistance Program (WAP) & American Recovery and Reinvestment Act (ARRA) Weatherization for Low-Income Persons Program

Budget Issue: The 2009-10 budget for weatherization assistance programs administered by CSD includes \$98.5 million federal funds (\$17.6 million of which are for state operations with the remainder for local assistance). Of this total, \$14.6 million are WAP funds and \$83.9 million are one-time stimulus funds as part of ARRA. The Governor's proposed 2010-11 budget for weatherization assistance administered by CSD includes \$99.2 million federal funds (\$92.9 million of which are ARRA funds).

WAP and ARRA Weatherization Programs: The purpose of California's weatherization programs is to increase the energy efficiency of homes owned or occupied by eligible low-income citizens, reduce the amount they spend on energy, and improve their health and safety. Preference is given to low-income people who are particularly at risk, such as individuals who are elderly or who have disabilities and those who use a lot of energy. Typical weatherization measures may include weather-stripping, insulation, caulking, water heater blankets, refrigerator replacement, or heating/cooling system repair or replacement.

In July 2009, California received roughly half of the approximately \$186 million in ARRA funds awarded to the state for weatherization purposes. To gain access to the remaining funds, CSD must meet performance milestones issued by the federal Department of Energy (DOE).

State Audit of ARRA Weatherization Funding: The Bureau of State Audits (BSA) released a report in February 2010 regarding CSD's implementation of weatherization stimulus funds (available online at: <http://www.bsa.ca.gov/pdfs/reports/2009-119.2.pdf>). The audit raised concerns about significant delays in ARRA-funded weatherization efforts. In particular, the Audit found that even though the federal government distributed ARRA funds to CSD in July 2009, no California homes had been weatherized using those resources as of December 1, 2009. Among other

recommendations, BSA suggested that CSD ask DoE for extensions of key deadlines, as well as improve its cash management and sub-recipient monitoring practices.

Updates and CSD Response to Audit: CSD has stated that a great deal of the initial delays in service provision was due to delayed implementation guidance from the federal government. In addition, the federal government requires that weatherization service providers pay workers the prevailing wage rates for the area as specified by the federal Davis-Bacon Act. These requirements did not previously apply to CSD's weatherization contractors, and their implementation can be very complex (e.g. an individual provider may provide services using more than one funding stream and differing requirements may now apply).

CSD reports that those initial delays have been resolved, and that the Department is on track to meet its established performance metrics. In its initial response to the Auditor's report, the Department provided the summary of its goals copied below.

	2010				2011				2012
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Total Planned Units	3,912	5,054	6,179	5,635	4,965	5,215	5,068	4,338	2,784
% of Total Units	9%	12%	14%	13%	12%	12%	12%	10%	6%
Total Planned Units at Benchmark on Sep-2010			15,145		Total Planned Units for Grant				43,150
Percentage of overall unit projection			35%						

In an April 12, 2010 letter to the Auditor, CSD stated that as of March 31, 2010, the number of dwellings weatherized in the state totaled 2,934, with an additional 1,174 units in process and 1,864 scheduled. Additionally, the Department indicated that it has improved many of its monitoring practices.

CSD also reports that it has executed contracts that cover roughly 83 percent of total ARRA funding. The remaining nine contracts, covering approximately 17 percent of ARRA funds, are under negotiation or pending execution. Outstanding contracts include contracts with the Los Angeles Department of Water and Power (6.1 percent of total funds), Sacred Heart Community Service in Santa Clara County (2.7 percent), the City of Oakland and County of Alameda (2.5 percent), and the City and County of San Francisco (1.7 percent).

Weatherization of Multi-Family Housing Units: Effective February 24, 2010, DOE amended WAP eligibility rules that apply to multi-unit buildings. As a result, eligibility verification can be streamlined if a multi-unit building under a public housing program is included on a list published by DOE. DOE also provided guidance to states about meeting requirements that benefits of weatherization assistance in these units, including units where the tenants pay for energy through their rent, accrue primarily to low-income tenants. As a model, DOE cited the State of Washington's policy recognizing that preserved low-income housing, added comfort, and environmental health benefits as a result of weatherization upgrades can be considered direct benefits to tenants. Given

these new policies, the City of San Francisco, which is currently negotiating a contract with CSD to provide services directly, intends to focus its efforts on retrofitting non-profit-owned affordable rental housing.

Subcommittee Staff Comment & Recommendation: This is an informational and oversight-related item, and no action is required. However, staff does recommend that the Subcommittee continue to monitor CSD's progress in meeting its weatherization program performance milestones.

Questions for CSD:

- 1) Prior to ARRA, how many units did CSD contractors weatherize in a given year? With both WAP and ARRA funding in 2009-10 and 2010-11, how many units does CSD anticipate will be weatherized?
- 1) Please briefly summarize challenges the Department faced in getting ARRA funded projects up and running from July to December 2009, and the progress made to address those challenges.
- 2) What is the current status of the Department's progress toward meeting its goals for the number of units to be weatherized (including WAP and ARRA funds)? How does the Department plan to further ramp up to meet those goals going forward?
- 3) How is the Department working toward inclusion of multi-family affordable housing units in its weatherization efforts? What are the considerations involved in a potential expansion of this focus to cities beyond San Francisco?

Questions for BSA:

- 1) Please briefly describe your Audit of CSD's implementation of ARRA weatherization efforts and the process for your continued involvement.
- 2) Please summarize any continuing concerns you have regarding CSD's current oversight and implementation of ARRA weatherization funding.

5180 Department of Social Services (DSS)

See March 18, 2010 Agenda for Subcommittee #3 for DSS budget overview.

DSS Issue 1: Community Care Licensing (CCL) Program Update

Budget Issue: With a total budget of \$107.8 million (\$20.7 million GF) and more than 1,000 state operations staff (plus 87 county staff who perform licensing duties locally) in 2009-10, CCL oversees the licensure of approximately 83,000 facilities, and has the responsibility to protect the health and safety of the individuals served by those facilities. For the last several years, DSS has provided an update on the current status of CCL's workload and performance with respect to statutory requirements. The Department will provide that update again during this hearing.

Background on CCL: The facilities licensed by CCL include child care centers; family child care homes; foster family and group homes; adult residential facilities; and residential care facilities for the elderly. CCL does not license skilled nursing facilities (licensed by the Department of Health Care Services) or facilities that provide alcohol and other drug treatment. All individuals seeking to be licensed to operate, work in, or reside at a community care facility (approximately 197,000 in 2009-10) must first complete a criminal background check that is processed (and in some circumstances investigated) by CCL. CCL is also responsible for reviewing and responding to any reports of criminal activity that lead to an arrest subsequent to an initial background check. CCL also performs regular inspection visits to licensed facilities and responds to complaints regarding facilities (roughly 13,000 in 2009-10).

Additional Background on Inspection Requirements: DSS is required to conduct pre- and post-licensing inspections for new facilities (including when a previously licensed facility changes hands). In addition, the Department must conduct unannounced visits to licensed facilities under a statutorily required timeframe. Prior to 2003, these routine inspection visits were required annually for all facilities except family child care homes (which received at least triennial inspections). In 2003, a human services budget trailer bill (AB 1752, Chapter 225, Statutes of 2003) reduced the budget for CCL by \$5.6 million and reduced the frequency of these inspections. As a result, CCL must visit a small number of specified facilities and conduct random, comprehensive visits to at least 10 percent of the remaining facilities annually. Ultimately, the Department must visit all facilities at least once every five years. In addition, there is a "trigger" by which annually required inspections increase if citations increase by 10 percent from one year to the next. Finally, CCL is required to respond within 10 days to complaints and may conduct related onsite investigations.

After the 2003 changes, DSS fell significantly behind in meeting the new requirements. The trigger for increased annual inspections due to a higher number of complaints was pulled twice and then suspended. In 2006-07, DSS was given 29 limited-term staff specifically for the purpose of ensuring that the Department could visit each facility once

every five years. These positions were extended for an additional 18 months, covering part of 2008-09. With these staff, CCL reduced its inspection backlog from over 10,000 to less than 1,000 facilities. Currently, there are 449 due and overdue five year inspections.

Current Performance of CCL Duties: In 2009-10, CCL projects that it will conduct 82 percent of its required routine inspection visits within the required timeframe (declining from 97 percent in 2007-08 and 92 percent in 2008-09) and accrue a backlog of 40 overdue inspections each month (down from 236 per month in 2008-09). CCL also projects that it will conduct 93 percent of complaint-related visits on time within 10 days (declining from 96 percent in 2007-08 and 2008-09). Finally, CCL anticipates a declining total number of citations (down to 48,000 from 80,000 in 2007-08 and 66,000 in 2008-09) and of serious incident and citation follow-up visits (down to 19,000 from 23,500 in 2007-08 and 20,700 in 2008-09). The Department attributes these decreases in 2008-09 and 2009-10 at least in part to the impacts of furloughs and staffing cuts.

Subcommittee Staff Comment & Recommendation: This is an informational and oversight-related item, and no action is required.

Questions for DSS:

- 1) Please provide an overview of the funding and staffing for CCL in recent years and how the department has performed with respect to its criminal background check, routine inspection, and complaint investigation responsibilities.
- 2) What are the challenges CCL faces in meeting its statutory duties?

DSS Issue 2: Proposal for CCL Inspection & Fee Changes

Budget Issue: DSS proposes, in a Spring Finance Letter and corresponding Trailer Bill and Budget Bill Language (TBL and BBL), to overhaul, effective January 1, 2011, statutory licensing inspection requirements. The Administration also proposes to raise facility application and annual fees by 10 percent. The BBL would allow the Department of Finance to reduce the GF authority for CCL commensurate with the amount of additional fee revenue that CCL receives (anticipated to be \$1.4 million for six months of 2010-11 and \$2.8 million annually thereafter). DSS has indicated that the costs for automation changes associated with this proposal would be absorbed as part of its ongoing system maintenance costs.

Background on CCL and on Existing Inspection Requirements: See prior agenda item.

Proposed Inspection Requirements: The proposed TBL would require annual, unannounced inspections for all facilities, with the exception of biennial inspections for family child care homes. As a result, approximately 42,000 facilities would receive annual inspections and 41,000 would receive biennial inspections. These inspections would, however, use an assessment process that is less comprehensive than existing inspection protocols. The Department anticipates that the changes would reduce by roughly half the time required for an inspection (e.g. from four to two hours for a residential care facility for the elderly). The new protocols would include “zero tolerance” violations, like fire clearance or access to bodies of water, and “key indicators,” such as criminal record clearances for adult residents and medication storage requirements. Per DSS, the new protocols would vary by facility category, and details would be developed depending on common complaints and on the input of stakeholders relevant to each of the facility categories.

The proposed changes would also eliminate existing requirements for pre-licensing inspections when a facility is sold or transferred to a new owner, and eliminate requirements for all post-licensing inspections (inspections that must occur within 90 days of the facility’s acceptance of its first client for placement). DSS annually conducts approximately 1,800 pre-licensing visits where an existing, previously-licensed facility is changing ownership. The fiscal savings tied to the lack of a requirement for these visits is estimated at \$349,000 for 5.5 staff.

Justification for Changes in Inspection Requirements: According to DSS, existing law and fluctuations in resources for CCL are placing the health and safety of vulnerable children and adults in community care facilities at risk. More frequent inspections would allow for more opportunities to address health and safety concerns. DSS has also indicated that the current statutory trigger mechanism is not effective because it assumes that increased citations would indicate increased health and safety violations, without taking into account the reduction in citations that may result from reduced frequency of inspections.

Background on Fees and Proposed Fee Changes: The 2009-10 budget increased application and annual fees by 10 percent, which was the first increase since 2004-05. As a result, fees currently cover about 21 percent of the costs for the state's licensing and enforcement activities. The chart below compares recent and current annual and application fees to those proposed. In addition, CCL proposes a new \$100 fee for any facility in which a citation has been issued and a follow-up inspection is needed to verify compliance.

Examples of Current and Proposed CCL Fees

Facility Type	Annual Fee			Application Fee		
	2008-09	2009-10	2010-11 Proposed	2008-09	2009-10	2010-11 Proposed
Family child care home (1-8 children)	\$60	\$66	\$73	\$60	\$66	\$73
Child care center (1-30 children)	200	220	242	400	440	484
Adult day facility (16-30 adults)	125	138	152	250	275	303
Residential facility (16-30 residents)	750	825	908	1,500	1,650	1,815
Foster family agency	1,250	1,375	1,513	2,500	2,750	3,025

Subcommittee Staff Comments & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

- 1) Please summarize this proposal, including the process the Department undertook when considering its options for how to meet licensing duties going forward. Please include a high-level description of how the proposal would change the duties and workload of CCL.
- 2) How did the Department calculate the costs associated with this proposal? How confident is the Department that the proposed inspection requirements are realistic given CCL and local licensing staff levels?
- 3) How has and will the Department engage with providers and stakeholders regarding these proposed changes?
- 4) How and when would front-line licensing staff receive training in the new inspection protocols? Would they continue to also receive training on and be expected to cite facilities for observed violations of regulations that are not included in those protocols?

DSS Issue 3: Child Welfare Services (CWS) Performance and Program Improvement Update

Budget Issue: The federal Administration for Children and Families (ACF) conducts reviews (called the Child & Family Services Review or CFSR) of California's child welfare system. In 2002, California passed two of the seven systemic factors and failed all seven of the outcome measures pertaining to child safety, well-being, and permanency (e.g., committed family relationships). As a result, the federal government assessed \$9.0 million (all GF) in initial penalties against the state (plus \$2 million in interest that accrued in 2008 and an additional penalty of \$1.7 million that year). The state successfully appealed all of those penalties, which the federal government has since rescinded.

ACF performed another CFSR in California and published the results in 2008 (summarized below). After this recent CFSR, DSS developed a draft Program Improvement Plan (PIP) to improve outcomes for children and families and hopefully avoid fiscal penalties. Under the worst case scenario, the federal penalty for these recent CFSR results could exceed \$107 million GF in 2011-12 or 2012-13.

Background on CWS and California's Recent Performance: The total 2009-10 budget for child welfare services and foster care is \$4.2 billion (\$1.1 billion GF). The CWS system includes emergency response to allegations of abuse and neglect, supports for family maintenance and reunification, and out-of-home foster care services for approximately 66,000 children. The chart below summarizes the state's most recent CFSR performance.

Safety and Permanency Outcomes	Substantial Conformity	% of Cases Substantially Achieved
Safety Outcome 1: Children are first and foremost, protected from abuse and neglect	NO	80.6
Safety Outcome 2: Children are safely maintained in their homes when possible and appropriate	NO	76.9
Permanency Outcome 1: Children have permanency and stability in their living situations	NO	41.0
Permanency Outcome 2: The continuity of family relationships and connections is preserved	NO	79.5
Child and Family Well Being Outcomes		
Well Being Outcome 1: Families have enhanced capacity to provide for children's needs	NO	58.5
Well Being Outcome 2: Children receive services to meet their educational needs	NO	88.0
Well Being Outcome 3: Children receive services to meet physical, mental health needs	NO	81.0

(Continued on next page)

Systemic Factors	Substantial Conformity	Score¹
Statewide Information System	YES	3
Case Review System	NO	2
Quality Assurance System	YES	3
Training	NO	2
Service Array	NO	2
Agency Responsiveness to the Community	YES	3
Foster and Adoptive Parent Licensing, Recruitment, and Retention	NO	2

¹Scores are based on a scale from 1 to 4, where 1 signifies the lowest and 4 the highest compliance level.

According to ACF, challenges facing the state included high caseloads and turnover of social workers, an insufficient number of foster homes and lack of caregiver support and training, a lack of statewide implementation of innovative practices, and a lack of needed services (e.g., mental health and substance abuse treatment services).

PIP and Targeted Funding: The state's PIP was finalized in 2008 and included the goals of expanding or strengthening: 1) case planning strategies that involve youth and families, 2) more consistent efforts to support permanency across a child's time in foster care, 3) caregiver recruitment, training, and support, 4) flexibility in services and supports to meet children and families' needs, 5) staff and supervisor training, and 6) implementation of a statewide risk-assessment system. The 2009-10 budget includes \$22.2 million (\$12.7 million GF), and the Governor's proposed 2010-11 budget includes \$23.1 million (\$13.0 GF), in resources designated to support some of these PIP goals.

Subcommittee Staff Comments and Recommendation: This is an informational item, and no action is required.

Questions for DSS:

1. What are the factors that lead to the state's poor performance on such critical measures related to the health, safety, and well-being of children who have been abused or neglected?
2. Please summarize the PIP process and the state's progress to date on meeting its goals. In particular, how has the Department implemented the PIP strategies for which the 2009-10 budget dedicated specific resources?
3. How confident is the Department that the state will meet its PIP goals and will improve on critical performance measures prior to the next federal review of our child welfare system?

DSS Issue 4: Veto of CWS Funding in 2009-10

Budget Issue: When he signed the amendments to the 2009-10 budget contained in ABx3 1 (Chapter 1, 3rd Extraordinary Session, Statutes of 2009) in July 2009, the Governor used a line-item veto to make an unallocated reduction of \$80.0 million GF to CWS and foster care programs. After the Administration allocated the vetoed funding across programs, the total cut to CWS was \$133.5 million, including \$53.5 million in federal fund losses corresponding to the GF reductions.

The Legislature Had Rejected a Proposal for a Smaller Unallocated Cut to CWS: With its passage of ABx3 1, the Legislature rejected the Governor's prior proposal to reduce CWS funding by \$70.6 million GF (and a then unknown amount of additional, corresponding federal funds). During public hearings, members heard and expressed concerns that such a large reduction would too greatly hinder the state's ability to protect the health and safety of its most at-risk children.

The Legislature did, however, adopt other targeted reductions to the CWS system totaling roughly \$36.5 million GF (and in some cases, additional corresponding federal funds). In particular, the enacted budget for 2009-10 included: 1) \$26.6 million GF savings from a 10 percent reduction to the rates paid to group homes and foster family agencies; 2) \$4 million GF savings from a decrease to the maintenance and operations budget for the Child Welfare Services/Case Management (CWS/CMS) automated system; 3) \$5 million GF savings from a reduction to the Transitional Housing Program Plus, and 4) \$900,000 GF savings from reforms to the Adoption Assistance Program. An association of group home providers challenged the group home rate reduction via litigation and as a result, that particular reduction has been enjoined from taking effect.

Implementation of the Veto Reductions: According to DSS, the Department adopted guidelines for implementing the veto that focused on the preservation, to the extent possible, of the core CWS program (i.e. county child welfare workers), direct services provided to children and families, and federal funding and mandates. The resulting reductions impacted close to 60 budget estimate premises or programs under CWS. The largest of those reductions for the 56 non-Title-IV-E waiver counties are outlined on the next page. The remaining \$19.1 million GF reduction was allocated to Alameda and Los Angeles counties, which are operating under that federal waiver and have greater discretion to determine their CWS expenditures during the period of that waiver.

A currently pending appeal to the California Supreme Court challenges the Governor's authority to increase mid-year reductions in appropriations made by the Legislature for some of these CWS, as well as other social services, reductions. A Court of Appeal decision previously approved the Executive authority at issue in that litigation.

Major Reductions Included in CWS Veto Allocation
(As Updated April 22, 2010)

	FY 09-10 Appropriation		CY \$80 M GF Veto	
	GF	Federal Funds	GF Reduction	Federal Fund Reduction
CWS Programs Included in the CWS Allocation				
Basic Costs	\$270,240	\$337,687	\$24,467	\$30,561
CWS/CMS System Support Staff	\$4,718	\$7,780	\$427	\$704
Emergency Assistance – TANF & Case Management	\$24,839	\$1,106	\$2,248	\$100
Minor Parent Services and Investigations	\$2,483	\$3,549	\$225	\$321
CWS/CMS Staff Development	\$2,753	\$4,451	\$249	\$403
Relative Home Approvals	\$5,973	\$4,799	\$541	\$434
Multiple Relative Home Approvals	\$3,182	\$2,557	\$288	\$231
County Self-Assessment and SIP Development	\$4,559	\$3,585	\$413	\$324
Statewide Standardized Training	\$4,577	\$7,676	\$414	\$695
Increase Funding for Caseworker Visits	\$4,885	\$3,841	\$442	\$348
Increase Relative Search and Engagement	\$5,498	\$4,322	\$498	\$391
Augmentation to Child Welfare Services	\$31,678	\$25,262	\$2,867	\$2,286
CWS Outcome Improvement Project	\$39,367	\$21,667	\$3,563	\$1,961
CWSOIP Grant	\$11,821	\$2,639	\$1,070	\$239
CWS DR, SA, and PYS	\$6,800	\$3,998	\$615	\$362
Other Child Welfare Allocations				
Extended Independent Living Program	\$15,166	\$0	\$1,945	\$0
Chafee Postsecondary Education and Training Vouchers	\$5,700	\$6,852	\$684	\$822
Emancipated Foster Youth Stipends	\$3,602	\$0	\$3,602	\$0
Health Services for Children in Foster Care	\$4,680	\$0	\$562	\$0
State Family Preservation	\$21,493	\$3,540	\$4,279	\$705
Transitional Housing Placement Program (THPP)	\$3,459	\$5,188	\$2,200	\$3,300
Supportive/Therapeutic Options Program	\$9,954	\$0	\$1,194	\$0
Kinship Support Services	\$4,000	\$0	\$480	\$0
Total Child Welfare Training Program	\$8,564	\$14,763	\$2,826	\$4,872
CWS/CMS Ongoing M&O	\$37,425	\$42,402	\$2,000	\$2,266
CWS/CMS WEB	\$3,340	\$3,813	\$401	\$458

Impacts of the Veto on the Health, Safety & Well-Being of Children: It is too early to know all of the impacts of these reductions to the budget for CWS. Preliminary information reported by the counties indicates the loss statewide of more than 500 front-line social workers who investigate emergency reports of abuse and neglect, help families stay together or be reunited, and work to find children permanent homes so that they do not remain in foster care unnecessarily. The most recent analysis of social worker caseloads conducted by the LAO in 2007-08 estimated that in counties representing 98 percent of the foster care caseload, social worker caseloads already exceeded the minimum (not optimal) standards established by a study conducted in response to the requirements of SB 2030 (Chapter 785, Statutes of 1998). Social worker caseloads at the time were estimated to be less than 80 percent of the minimum standard in counties representing 48 percent of the caseload.

According to the counties, statewide performance data also indicates that reports of abuse and neglect are less likely to be timely investigated. Foster children are being moved between homes more frequently; and the percentage of children getting timely health examinations is steadily decreasing. In addition, an estimated 16,800 current and former foster youth statewide lost a total of \$3.6 million in stipends that would otherwise have been available in grants of \$50 to \$500 to assist with critical needs (e.g., a security deposit for an apartment or bus pass). In some counties, additional matching funds from community partners for these stipends were also lost.

Subcommittee Staff Comment & Recommendation: Given the gravity of health and safety risks to children who have been abused or neglected, staff recommends restoring vetoed funding that supported basic child welfare and social work services; services or benefits provided directly to children and families, such as transitional housing and stipends for emancipated youth; and other efforts that are particularly critical to their health, safety and well-being. Veto-related cuts most likely to be sustained in 2010-11 would thus include some administration, training, or automation costs (including, as appropriate, corresponding reductions to Title IV-E waiver counties' funding). To operationalize this prioritization, staff should be directed to work with DOF and DSS to finalize a list of which estimate premises and budget allocations would be impacted.

Questions for DSS and DOF:

- 1) How does the Administration reconcile the veto of \$133.5 million (\$80 million GF) for child welfare services with its 2009-10 requests for additional funding to support the state's Program Improvement Plan (PIP)? With the need underlying the PIP to improve the state's ability to meet foster children's basic health, safety, and well-being-related needs?
- 2) Please describe how the Department determined, after the budget was enacted, which CWS programs to reduce or eliminate as a result of the vetoed funding.
- 3) How is the Department tracking the impacts of the vetoes on the state's ability to protect at-risk children and to meet federal performance requirements?

DSS Issue 5: Trailer Bill Language (TBL) for Implementation of Federal Fostering Connections to Success & Increasing Adoptions Act (FCSA) of 2008

Budget Issue: DSS proposes, via TBL, to add specified costs of transporting a child to his or her school to those that are included in the definition of foster care maintenance payments, to amend statutes related to the placement of siblings in foster care, and to amend statutes governing adoption or foster care programs operated by Indian tribes. According to the Department, these changes are required for the state to conform to requirements of the federal FCSA (P.L. 110-351).

The 2009-10 budget includes \$8.7 million (\$2.2 million GF, for six months beginning in January 2010), and the Governor's 2010-11 budget includes \$17.4 million (\$4.5 million GF), for costs associated with education-related transportation.

Background on Reimbursement for Transportation Costs: Among a number of other significant reforms to child welfare and adoption assistance programs, the federal FCSA added "reasonable travel for the child to remain in the school in which the child is enrolled" at the time of foster care placement to the list of costs that must be included in a foster care maintenance payment made to caregivers or group home facilities. 42 U.S.C. 675(4)(A)). Previously existing state law enacted by AB 490 (Chapter 862, Statutes of 2003) gave foster children the right, if it is in their best interests, to remain in their schools of origin for the rest of the school year following their initial placement in out-of-home care or a subsequent move. AB 490 did not, however, specify who was responsible for providing or funding related transportation to a child's school of origin.

DSS estimates that 13,414 children in foster care whose placement is outside their school district of origin may be impacted by the relevant requirements of AB 490 and the FCSA. The Department assumes that their transportation covers an average of 20 miles roundtrip at a cost of \$.55 per mile.

AB 1933 (Brownley) is currently pending in the Assembly Appropriations Committee. Among other provisions, AB 1933 would make changes to the statutes created by AB 490 to extend the right of foster children to remain in their schools of origin beyond the existing timeframe of the remainder of one school year. The author states that this change is also necessary to conform to federal requirements under FCSA.

Background on Sibling Placement Provisions: Under provisions enacted by the FCSA, states are required to make reasonable efforts to place siblings together and to ensure their visitation or interaction if they are placed separately (as long as it is in their best interests). Current state law includes similar, but not identical, requirements, as well as other protections related to these sibling relationships.

Background on Provisions Related to Negotiations with Tribes: Under provisions enacted by the FCSA, Indian tribes and entities are authorized to enter into direct agreements with the federal government to operate foster care and adoption programs

for tribal children (as opposed to being required to first enter into an agreement with the state in which the tribal entity is located). Provisions of FCSEA also required states to negotiate in good faith with tribes that do wish to operate their own programs via agreements with the state. AB 770 (Chapter 124, Statutes of 2009) made conforming changes to state law. However, according to DSS, some further technical fixes are required to fully comply with federal law.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

- 1) The 2009-10 budget includes \$8.7 million (\$2.2 million GF) for six months of funding caregivers' costs of transporting foster children to their schools of origin from January to July of 2010. How has the Department implemented associated policies and allocated those resources to date? Are those resources reaching the caregivers for whom they were intended?
- 2) What is the Department's understanding of whether federal law extends the right to remain in a school of origin to foster children beyond the duration of the school year during which placement occurs? How are those interpretations included (or not included) in the Department's estimates of relevant transportation-related costs?

DSS Issue 6: Trailer Bill Language (TBL) to Clarify Law Related to Independent Adoptions

Budget Issue: DSS proposes, via TBL, to amend a Family Code provision related to adoption. According to the Department, the proposed change would clarify the application of two differing statutory provisions. As a result, the requirements for a comprehensive evaluation and \$4,500 independent adoption fee when relatives seek to adopt children who are not currently dependents of the court would be reinforced. The Department estimates that without the proposed statutory clarification, what the Department considers misapplications of the law could spiral; and the state could lose up to \$1 million or \$2 million GF in fees paid by relatives for comprehensive evaluations. Instead, those relatives would pay a smaller \$500 fee and an abbreviated evaluation would be conducted.

Background: According to DSS, at least one Superior Court has recently misapplied existing Family Code statutes. In that case, DSS states that the El Dorado Superior Court required DSS to apply the abbreviated, rather than comprehensive, process in its evaluation of grandparents seeking to adopt their grandchild. As a result, DSS conducted the less thorough evaluation and charged a lower fee to the grandparents. As of April 2010, the Department estimates that there have been approximately 15 such instances of miscategorizations of adoptions statewide.

According to the Legislative Counsel Digest for the proposed trailer bill, “Under existing law, whenever a petition is filed for the independent adoption of a child, the petitioner is required to pay a nonrefundable fee of \$4,500 to [DSS] or to the delegated county adoption agency for the cost of investigating the adoption petition, subject to certain exceptions. Existing law requires that if the prospective adoptive parent is a foster parent with whom the child has lived for a minimum of 6 months or a relative caregiver who has had an ongoing and significant relationship with the child, that an assessment or home study be conducted, but does not specify a fee for this investigation.

This bill would specify that the provisions governing adoptions without that fee by relative caregivers or foster parents only apply to the adoption of a child who is currently a dependent of the juvenile court.”

Subcommittee Staff Comment & Recommendation: Staff recommends rejecting the proposed TBL without prejudice as to its merits. An analysis of existing law and any related clarifications is more appropriate for consideration by the relevant Legislative Policy Committees (possibly including the Judiciary and/or Human Services Committees).

Questions for DSS or DOF:

- 1) Please briefly summarize the proposal, its genesis, and the assumptions underlying the Administration’s estimates of its fiscal impact.

DSS Issue 7: Trailer Bill Language (TBL) for Proposed Suspensions of CWS Programs

Budget Issue: The Governor's proposed budget for 2010-11 includes TBL to suspend implementation of statutes enacted by AB 340 (Chapter 464, Statutes of 2007) and AB 2985 (Chapter 387, Statutes of 2006). In both circumstances existing law would be implemented when "the Department of Finance determines that sufficient state operations resources have been appropriated."

Background on AB 340: The resource family approval pilot established by AB 340 requires a three-year pilot program in up to five counties to establish a single, comprehensive approval process for foster care and adoptive families. This pilot was intended to make the licensing process less cumbersome and to prevent unnecessary delays in finding permanent families for foster children. The current licensing process divides caregivers into relatives, foster family homes, and adoptive homes. All caregivers must meet the same health and safety standards, but the processes for each vary and can be duplicative. This pilot was also included in the state's Program Improvement Plan in response to the 2002 federal review.

The Assembly Appropriations Committee analysis of AB 340 estimated approximately \$150,000 GF in state personnel costs for overseeing the development and implementation of this pilot and up to \$300,000 GF for its final evaluation. The analysis also recognized that the pilot should lead to some offsetting savings. Local assistance funding of \$717,000 (\$242,000 GF) was appropriated (but according to CWDA, never allocated to counties) in 2008-09. DSS also submitted a BCP requesting 4.0 limited-term state positions at a cost of \$440,000 (\$278,000 GF) to implement AB 340 in 2008-09; however, no state operations resources were included in the budget for that year.

Background on AB 2985: AB 2985 requires county welfare departments to request credit checks from a credit reporting agency for every foster child upon his or her 16th birthday. If a credit report contains negative information or evidence of identity theft, the county must refer the child to an approved credit counseling organization from a list developed by DSS. The Senate Appropriations Committee estimated costs of \$120,000 GF for the counties to conduct the checks. The 2009-10 budget includes \$355,000 (\$229,000 GF) for implementation in the 56 non-Title-IV-E waiver counties.

Subcommittee Staff Comment and Recommendation: Staff recommends rejecting the proposed TBL, which would transfer the Legislature's authority to determine the sufficiency of funding for program implementation to the Administration. Staff also recommends holding open the funding for AB 340 implementation.

Questions for DSS and DOF:

- 1) Please briefly summarize these proposals.
- 2) What have the Department and counties' efforts to date included with respect to implementing AB 340 and AB 2985?

DSS Issue 8: Trailer Bill Language (TBL) to Extend Residentially Based Services (RBS) Pilot Program

Budget Issue: DSS proposes TBL to amend and extend the Residentially Based Services (RBS) pilot program established by AB 1453 (Chapter 466, Statutes of 2007), as well as revise the statutory deadline for a resulting plan the Department is required to submit to the Legislature.

Background on RBS Pilot: AB 1453 authorized a five-year pilot demonstration project to test alternative RBS program and funding models which are cost-neutral to the GF. The legislation also required DSS to deliver a detailed plan to the Legislature by January 1, 2011 for how to transform the current system of group care for foster children into an RBS system. The envisioned RBS system would provide short-term, intensive, residential treatment interventions along with community-based services and post-residential placement support aimed at reconnecting foster children to their families and communities. It was anticipated that the children enrolled in RBS would require shorter lengths of stay in high-cost group homes and would step down to lower levels of care and to permanent placements more quickly. According to DSS, unanticipated contract and licensing issues contributed to delays in implementing the pilot projects.

Proposed Changes to Provisions Enacted by AB 1453: DSS proposes to extend the authorization for the pilot projects and the due date for development of the implementation plan until the pilot demonstration projects can operate for a sufficient amount of time to be fully evaluated. Specifically, the Department proposes to extend the due date for the implementation plan to July 1, 2014 and the authority to conduct the pilots until January 1, 2015. The Department also proposes other changes to statutes governing the RBS pilot.

Pending Legislation: AB 2129 (Bass), which is currently awaiting a vote on the Assembly floor, also seeks to extend authorization for the RBS pilot.

Subcommittee Staff Comment & Recommendation: Staff recommends rejecting the proposal without prejudice as to its merits. There is a pending policy bill that provides a more appropriate forum for discussion about whether and how to extend this pilot project.

Questions for DSS:

- 1) Please briefly summarize the proposal and its anticipated fiscal impacts in 2010-11.

DSS Issue 9: Positions Related to Recently Enacted Legislation

Budget Issue: The Governor's proposed budget for 2010-11 includes, in a budget change proposal, \$200,000 (\$169,000 GF) in temporary help resources to implement recent legislation, including AB 762 (Bonnie Lowenthal, Chapter 471, Statutes of 2009); SB 781 (Leno, Chapter 617, Statutes of 2009); and AB 1325 (Cook, Chapter 287, Statutes of 2009).

Background on AB 762 and DSS Request: As a result of this newly enacted legislation, Residential Care Facilities for the Elderly (RCFEs) may accept bedridden, nonambulatory individuals (those who are unable to transfer independently to and from bed, but do not need assistance turning or repositioning or can otherwise move around without assistance) as residents if they have obtained the appropriate fire clearance. Legislative analysis indicated that the bill had negligible state costs. DSS requests \$57,000 GF in one-time temporary help funding to update regulations, an evaluator manual, and technical assistance guides, as well as train field staff.

Background on SB 781 and DSS Request: As a result of this newly enacted legislation, RCFEs must include additional information when providing notice of eviction to a resident, including the reason for the eviction, the effective date of the eviction, and additional information to inform the resident of his or her rights regarding eviction. Legislative analysis indicated no significant costs associated with the bill. DSS requests \$47,000 GF in 2010-11 and \$39,000 GF in 2011-12 in temporary help funding to review facility documentation of the required information in applications, admissions agreements, and reports of eviction, as well as respond to any increased complaints that may result from increased information on how to dispute evictions, and train staff.

Background on AB 1325 and DSS Request: As a result of this newly enacted legislation, tribal customary adoption is, for a period of three years, an additional exception to the termination of parental rights for parents of Indian children who are dependents of the juvenile court. The Judicial Council is required to study and report to the Legislature on the effects of tribal customary adoption on children, parents, Indian custodians, tribes and courts. The Assembly Appropriations Committee analysis indicated that costs would be minor and absorbable. The Senate Appropriations Committee analysis indicated that this bill would likely apply to less than 10 children per year, but would create the need for one two-year limited term position, at a cost of \$59,000 GF annually (with additional federal funds). DSS requests \$96,000 (\$65,000 GF) in 2010-11 and \$88,000 (\$59,000 GF) in temporary help funding to conduct implementation workgroup meetings with tribal representatives, counties, adoption agencies, and the Judicial Council.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

- 1) Please briefly summarize the anticipated responsibilities associated with the requested staffing resources.
- 2) For AB 762 and SB 781, why weren't the proposed resources identified as necessary while the bills were pending passage by the Legislature?